

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE JOINT APPLICATION OF BECKLEY)	
WOODS SANITATION COMPANY AND)	
BECKLEY STATION DISPOSAL SYSTEMS)	CASE NO. 8320
FOR APPROVAL OF TRANSFER OF A)	
SEWER TREATMENT PLANT)	

O R D E R

On August 21, 1981, Beckley Woods Sanitation Company ("Beckley Woods") and Beckley Station Disposal Systems ("Beckley Station") filed a joint application with the Commission seeking approval of the transfer of the Beckley Woods sewage treatment plant from Beckley Woods to Beckley Station pursuant to an assets purchase agreement entered into on August 4, 1981, by Beckley Woods and Beckley Station. The agreement is filed in the record as Beckley Station's Exhibit A.

A hearing was held on November 13, 1981, at the Commission's offices in Frankfort, Kentucky, with all parties of record in attendance.

COMMENTARY

The Beckley Woods sewage treatment plant is located in Jefferson County, Kentucky, and consists of a treatment plant and collection facilities designed to serve 250 single-family residences or their equivalents. The plant began operations in 1975 and was acquired by Beckley Woods in 1978.

Beckley Station is a corporation formed and existing for the purpose of acquiring and operating the Beckley Woods sewage treatment plant. Beckley Station is a sister company to NTS Development Company ("NTS") which recently purchased 74 developed lots and 45 acres scheduled for future development, all of which will be served by the Beckley Woods sewage treatment plant.

FINDINGS IN THIS MATTER

The Commission, after consideration of the evidence of record and being advised, is of the opinion and finds that:

1. Beckley Station is ready, willing and able to purchase, operate and provide adequate and reliable service to the customers presently served by Beckley Woods. Furthermore, Beckley Woods is ready, willing and able to sell, inasmuch as it wishes to divest itself of the ownership and operation of the sewage treatment system.

2. The quality of service to the present Beckley Woods customers will not suffer; Andriot-Davidson Service Company, Inc., which has knowledge and experience in the operation and maintenance of sewage treatment facilities, will be employed to operate the system. Furthermore, Andriot-Davidson Service Company, Inc., has operated and maintained the treatment plant for Beckley Woods and has done so in an adequate manner.

3. The agreed-upon purchase price is \$75,000 which was determined through negotiations between Beckley Woods and Beckley Station.

4. Beckley Station has adopted the tariffs, rates, rules and regulations filed with the Commission by Beckley Woods for furnishing sanitary sewer service at Beckley Woods Subdivision.

5. Beckley Station has filed an amended agreement and assignment wherein Beckley Woods assigned to Beckley Station all of its rights, title and interest in the existing third party agreement between Beckley Woods and Commonwealth Land Title Insurance Company.

6. Beckley Station has filed with the Commission its Articles of Incorporation and Certificate of Incorporation as well as the bylaws adopted by its board of directors.

7. Beckley Station should maintain its books of account in accordance with the uniform system of accounts for sewer utilities prescribed by this Commission.

8. Beckley Station was able to purchase the sewage treatment plant and finance it through NTS because Beckley Station and NTS are sister companies. It is clear to the Commission that these transactions were entered into for the benefit of the owners of Beckley Station and NTS. The effect of these transactions, while legal and proper for general accounting purposes, is to require the consumers to pay the interest cost on the newly-incurred debt. There is no evidence that the transfer of ownership to Beckley Station will either improve or increase the level of service to the consumers. Therefore, Beckley Station and its stockholders are hereby apprised that the Commission will not allow, for rate-making purposes, recovery of interest, return

on equity or amortization of the excess of the purchase price over the net original cost.

9. The transfer of the Beckley Woods sewage treatment plant from Beckley Woods to Beckley Station pursuant to the terms and conditions of the assets purchase agreement entered into by Beckley Woods and Beckley Station on August 4, 1981, should be approved.

ORDERS IN THIS MATTER

The Commission, on the basis of the evidence of record and the findings herein set forth:

HEREBY ORDERS that the transfer of the Beckley Woods sewage treatment plant from Beckley Woods to Beckley Station is hereby approved and authorized.

IT IS FURTHER ORDERED that Beckley Station shall adopt the existing rates, rules and regulations filed with and approved by the Commission for Beckley Woods.

IT IS FURTHER ORDERED that Beckley Station shall file with this Commission within 30 days from the date of this Order its original tariff sheets setting forth its rates, rules and regulations as required by KRS 278.160.

Done at Frankfort, Kentucky, this 21st day of December, 1981.

PUBLIC SERVICE COMMISSION

Marlin M. Vohs
Chairman

Katherine Randall
Vice Chairman

Don Carrigan
Commissioner

ATTEST:

Secretary